

## Message Text

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PAGE 01 BERLIN 05982 130752Z  
ACTION EUR-12

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C O N F I D E N T I A L BERLIN 05982

E.O.11652: GDS  
TAGS: PGOV, EFIN, ABLD, GE, US  
SUBJECT: ARLINGTON TAX CASE

REFS: (A) STATE 229524, (B) STATE 203851  
(C) BERLIN 3608, (D) BERLIN 5369

1. WE WOULD EXPECT THAT ARLINGTON COURT RULING AGAINST GDR IN TAX CASE (REF A) IS GOING TO PROVOKE QUESTIONS FROM MFA IN NEAR FUTURE. SPECIFICALLY GDR IS LIKELY TO WANT TO KNOW WHAT STEPS STATE DEPARTMENT PLANS TO TAKE TO RESOLVE ISSUE. IT WOULD BE HELPFUL FOR US IN ANTICIPIATION OF SUCH QUERIES TO HAVE ADDITIONAL INFORMATION ON THE CASE AND ITS FURTHER DISPOSITION AND ON DEPARTMENT'S POSITION ON LEGAL ISSUES INVOLVED. WE NOTE THAT SIEMENS WAS INFORMED DURING AUGUST 9 MEETING AT DEPARTMENT (REF B) THAT STATE'S NEW POLICY ON DIPLOMATIC TAX EXEMPTION WOULD AFFECT SEVERAL CASES INCLUDING GDR LITIGATION. WE INFER FROM Q AND A'S (REF A) THAT DEPARTMENT DID NOT ACT AS AMICUS IN CURIAE IN THIS CASE AND IT WOULD BE HELPFUL TO KNOW, AT LEAST ON FYI BASIS, WHY NOT. HAS DEPARTMENT POLICY ON DIPLOMATIC TAX EXEMPTION BEEN DEVELOPED AND WHAT IS THE RESULT? OTHER QUESTIONS WE MAY BE ASKED ARE WHETHER COURT RULED ON SUBSTANTIVE MERITS OR WAS THIS A PROCEDURAL DECISION. WHAT ACTIONS, IF ANY, DOES

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DEPARTMENT PLAN TO TAKE IN CONNECTION WITH THIS CASE AND WHAT ADVICE IS IT PREPARED TO GIVE TO GDR AND OTHER COUNTRIES IN SIMILAR SITUATION? AS DEPARTMENT WILL RECALL, GDR HAS ASKED FORMALLY THAT THE STATE DEPARTMENT USE ITS INFLUENCE TO RESOLVE THE TAX ISSUE SATISFACTORILY (REFS C AND D) AND WE SHOULD BE IN A POSITION TO GIVE SOME CLEAR RESPONSE. FAILURE BY THE DEPARTMENT TO MAKE

SOME EFFORT TO RESOLVE QUESTION MAY BE SEEN BY GDR AS  
POLITICALLY MOTIVATED. WE WOULD, OF COURSE, APPRECIATE  
REPORT OF ANY MEETINGS DEPARTMENT OFFICERS MAY HAVE  
WITH GDR EMBASSYREPS ON COURT'S RULING.  
POLANSKY

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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